

IMPROVEMENT AND EXPANSION PROGRAM FOR SECONDARY EDUCATION "ESCOLA JOVEM"

(BR-0300)

EXECUTIVE SUMMARY

Borrower and guarantor:	Government of Brazil			
Executing agency:	Department of Secondary and Technical Education, Ministry of Education (SEMTEC/MEC)			
Amount and source:	(In US\$ millions)			
	Phase I	Phase II	Total	
	IDB (OC)	250	250	500
	National counterpart funding:	<u>250</u>	<u>250</u>	<u>500</u>
	Total:	500	500	1,000
Financial terms and conditions:	Amortization period:	25 years		
	Disbursement period:	3.5 years		
	Commitment period:	3 years		
	Grace period:	4 years		
	Interest rate:	variable		
	Inspection and supervision:	1%		
	Credit fee:	0.75%		
	Currency:	basket of currencies		
Objectives:	<p>The general objective of the program is to promote the reform and expansion of secondary education, by improving the quality and coverage of the school system in ways that will increase equity and contribute to the country's economic and social development.</p> <p>Specifically, the program is intended to:</p> <ul style="list-style-type: none">a. Expand the coverage of secondary education, particularly in terms of number of school-age children;b. Reduce grade repeater and dropout rates; andc. Improve learning performance as measured by achievement tests.			

These objectives will be achieved by encouraging individual states to undertake reforms and investments to improve and expand secondary education (SE), through the provision of project financing grants.

Description: To achieve these objectives, the "Escola Jovem" program consists of two subprograms:

1. **Subprogram: financing investment projects at the state level.** (Phase I: US\$450 million)

This subprogram will finance **investment projects (IPs) undertaken at the state or "federated unit" level to improve and expand secondary education.** These projects will be based on specific appraisals and will include:

- a. Programs to reduce grade repeater and dropout rates in grades 5 through 8, so as to help low-income students complete school and avoid lagging behind their age cohort ("age-group lag");
- b. Definition and gradual adoption of basic minimum operating standards for schools (PMBFE), to enhance the quality of education, via:
 - (i) Implementing a plan to rationalize the use of existing human resources and state-owned infrastructure;
 - (ii) Developing and implementing new curricula, training human resources, upgrading and expanding infrastructure, procuring teaching materials, creating teacher performance incentives, strengthening school autonomy and management capacity, and reinforcing management of school systems;

2. **Subprogram: national policies and programs** (Phase I: US\$37.5 million)

The purpose here is to help implement national policies and programs. Specifically, this subprogram includes: (i) institutional strengthening of SEMTEC and of information and evaluation systems to improve the formulation and implementation of secondary education policies; (ii) preparing and producing a national secondary education "telecourse"; (iii) technical assistance and training at the state level; (iv) supplying teaching materials directly to secondary schools and departments of education; and (v) public communication about secondary education reform and the program itself.

Relationship of project in Bank's country and sector strategy:	The proposed project fits the Bank's strategy for encouraging public sector reform and attention to social problems, through its emphasis on: (i) modernizing state systems of education administration; (ii) enhancing the efficiency of educational expenditure; and (iii) expanding the education system to include greater numbers of young people, with an emphasis on measures to promote access by disadvantaged groups, thereby helping to reduce the level of social inequality.
Environmental and social review:	The recommendations of the Committee on Environment and Social Impact (CESI) have been incorporated into the program (paragraph 4.17).
Benefits:	The program will improve the equity, efficiency and quality of secondary education in Brazil, thereby assuring a more relevant education to a greater number of students.
Risks:	<p>Financial capacity of the states. The precarious finances of some states could limit demand for program resources and could threaten the sustainability of investments that are undertaken. To deal with these aspects, the program calls for two approaches: (i) eligible counterpart contributions will include not only investment expenditures but also incremental operating costs associated with those investments, and (ii) as part of each IP, the state will need to quantify all incremental costs associated with the project and identify mechanisms to ensure sustainability of the investments.</p> <p>Management capacity of the states. The managerial weakness of some state education departments could compromise execution of the IPs. To minimize this risk, each state will submit, prior to or along with its IP, a plan to establish a State Management Unit (UGE). Alternatively, it must demonstrate that existing structures are adequate for executing the corresponding IP. These state units will receive training in all relevant aspects from the Program Coordination Unit (PCU).</p> <p>Implementing new curriculum guidelines. Each state's education system will have the task of "contextualizing" the new curricular guidelines so that secondary education will become more effective and relevant, particularly for meeting the demands of the labor market. Moreover, each school team will have to adjust a portion of the curriculum to local characteristics. These requirements may in some cases exceed existing capacities. To deal with this situation, the program calls for creating the necessary capacities, during Phase I, and developing methodologies and tools to facilitate full implementation of the guidelines.</p>
Special contractual clauses:	Prior to the first disbursement, evidence must be submitted to the Bank's satisfaction showing that: (i) the PCU has been expanded in accordance with the terms of reference agreed with the Bank

(paragraph 3.1); and (ii) the Operating Regulations and their annexes are in effect (paragraph 3.6).

Prior to the first disbursement for the IP financing subprogram, the first three state investment projects (paragraph 3.28) must be submitted to the Bank for no objection.

For the first four bidding procedures: (i) prior to tendering, the bidding documents must be submitted to the Bank for no objection; and (ii) prior to award, the basis and results of selection must be submitted to the Bank for no objection (paragraph 3.28).

Before contracting consulting services in amounts less than US\$100,000, in the case of individual consultants, and US\$200,000 in the case of consulting terms, the generic terms of reference to be used must be submitted to the Bank for no objection (paragraph 3.29).

The eventual contract must specify sufficient provisions to ensure the presentation of an annual operating plan, monitoring and evaluation of the program, presentation of audited financial statements and methodologies for continuous evaluation of the program, utilization of Bank procedures for the procurement of goods and services and contracting of consulting services, and maintenance of goods and equipment (paragraphs 3.21, 3.22, 3.23 and 3.31). It should also stipulate the commitment of the Secretaría Federal de Controle [Federal Supervisory Department] (SFC) to audit the disbursements semiannually (paragraph 3.37).

Poverty-targeting and social sector classification:

This operation qualifies as a social equity enhancing project, as described in the indicative targets mandated by the Bank's Eighth Replenishment (document AB-1704).

Exceptions to Bank policy:

None.

Procurement:

Normal Bank procurement procedures will apply to construction works, goods and services to be financed with resources from the proposed loan. The procurement of construction works for amounts of US\$5 million and more, goods for amounts of US\$350,000 or more, and services for US\$200,000 or more will require international public bidding. In order to streamline execution of the program, however, national bidding procedures will be evaluated on an ex post basis.